



North Carolina Department of Health and Human Services
Division of Aging and Adult Services

Pat McCrory
Governor

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Ambassador (Ret.)
Secretary DHHS

Suzanne P. Merrill
Division Director

October 21, 2014

MEMORANDUM

TO: Facility Operators

FROM: Suzanne P. Merrill, Director *Suzanne P. Merrill*
Division of Aging and Adult Services

SUBJECT: Adult Care Cost Reporting

Recently the Department of Health and Human Services (DHHS) determined that the Division of Aging and Adult Services, as the business owner of the State/County Special Assistance Program, will serve as the lead agency for facilitating the adult care home cost reporting process. The Division of Aging and Adult Services will be working closely with our other partners in DHHS (Office of the Controller and the Office of Internal Audit) to assure implementation of the cost reporting requirements. You are aware from prior correspondence from the Office of the Controller that Session Law 2014-100, Section 12H.11 ratified earlier this year by the General Assembly and signed by the Governor has mandated the submission of the Adult Care Cost Report under General Statute 131D-4.2.

Per General Statute 131D-4.2, any facility with seven or greater beds (7+) that provides services to recipients of the State/County Special Assistance Program is required to file an Adult Care Cost Report. Agreed Upon Procedures (AUP) performed by an independent accountant/CPA will be required for all facilities with twenty one or greater beds (21 +). Facilities with seven to twenty beds (7 to 20) are exempt from the AUP requirement for the cost report due December 31, 2014. Note that facilities with six or less beds, are exempt from filing the cost report.

Due to Medicaid State Plan changes that included a methodology for setting rates for Personal Care Services (PCS), the Adult Care Home Cost Report will no longer serve as a vehicle to establish PCS rates. To facilitate cost report preparation this year, the cost report for the three cost centers comprising the PCS section (Personal Care, Health Services and Initial/Orientation Aide Training) has been simplified. For each of these, requested data will be consolidated and input on the Miscellaneous lines, leaving all other lines with no input.

Please note the fiscal year to be used for reporting purposes will be the facility's latest completed fiscal year, whether it be calendar year or based on another fiscal period. For example, a facility with a fiscal year end of December 31 will report based upon their December 31, 2013 financial statements. A facility with a June 30 fiscal year end will base reports on their June 30, 2014 financial statements.

As further information becomes available, it can be found on the DHHS Office of the Controller's website. The website address is www.ncdhhs.gov/control/acf/acfac.htm. If you have any questions regarding the Adult Care Cost Report please contact Paul Cole at 919-855-3685 or paul.j.cole@dhhs.nc.gov or Susan Sibbett at 919-855-3680 or susan.sibbett@dhhs.nc.gov. For questions regarding AUPs please send an email to AUP.Questions@dhhs.nc.gov. AUP information will be posted on the Office of the Controller's website by October 22, 2014.

Thank you in advance for your cooperation.

cc: Curtis Crouch – Office of the Controller
Paul Cole – Office of the Controller
Susan Sibbett- Office of the Controller

Libby Kinsey - DHSR
Bill Scott – Office of Internal Audit

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